

[109H756]

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(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to exclude from income taxation all compensation received for active service as a member of the Armed Forces of the United States.

IN THE HOUSE OF REPRESENTATIVES

Mr. CULBERSON introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to exclude from income taxation all compensation received for active service as a member of the Armed Forces of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “The Armed Forces
5 Tax Relief Act of 2007”.

1 **SEC. 2. EXCLUSION FOR COMPENSATION RECEIVED FOR**
2 **ACTIVE SERVICE AS A MEMBER OF THE**
3 **ARMED FORCES OF THE UNITED STATES.**

4 (a) IN GENERAL.—Part III of subchapter B of chap-
5 ter 1 of the Internal Revenue Code of 1986 is amended
6 by inserting after section 112 the following new section:

7 **“SEC. 113. COMPENSATION RECEIVED FOR ACTIVE SERV-**
8 **ICE AS A MEMBER OF THE ARMED FORCES.**

9 “Gross income shall not include compensation re-
10 ceived for active service as a member of the Armed Forces
11 of the United States. The preceding sentence shall not
12 apply to pensions and retirement pay.”.

13 (b) TERMINATION OF LIMITED EXCLUSION FOR
14 COMBAT PAY.—Section 112 of such Code (relating to cer-
15 tain combat zone compensation of members of Armed
16 Forces) is amended by adding at the end the following
17 new subsection:

18 “(e) TERMINATION.—Except for purposes of apply-
19 ing subtitle C, this section shall not apply to any taxable
20 year ending after the date of the enactment of this sub-
21 section.”.

22 (c) CLERICAL AMENDMENT.—The table of sections
23 for part III of subchapter B of chapter 1 of such Code
24 is amended by inserting after the item relating to section
25 112 the following new item:

“Sec. 113. Compensation received for active service as a member of the Armed Forces.”.

1 (d) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to taxable years ending after the
3 date of the enactment of this Act.